

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

June 14, 1976

OLC 76-1718

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer

Department of Defense
Department of State
Department of the Treasury
Department of Commerce
Department of the Interior
Department of Agriculture
Energy Research and Development Administration
Nuclear Regulatory Commission
Central Intelligence Agency
National Security Council
Council on International Economic Policy

SUBJECT: Draft GSA report to represent the Administration's position on H.R. 10526, Congressman's Bennett's bill "To amend the Strategic and Critical Materials Stock Piling Act in order to establish a fund which shall be used for the procurement of, and the carrying out of other functions related to, such materials."

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than Noon Friday, June 18, 1976.

Questions should be referred to Ann Hamnill (395-6156) or to James MacRae (395-4874), the legislative analyst in this office.

Bernard H. Martin
Bernard H. Martin for
Assistant Director for
Legislative Reference

Enclosures

cc: Jeanneret, EG/Howard, NSPD/Currie, OFPP/Greene, BRD/DuSault/IA

Comments on H. R. 10526

The Administration has reviewed the proposal contained in H.R. 10526 and is in general agreement with the intent to establish a linkage between stockpile acquisitions and disposals. We believe, however, that this linkage can better be implemented in another way. We would like to offer an alternative which we could support and believe provides the statutory linkage desired while maintaining the fiscal flexibility necessary to support a strong stockpile program.

As the result of the recent interagency re-evaluation of stockpile policy and planning procedures, the Administration will annually review stockpile goals for each material and then develop a material program for the pending fiscal year. This program plan will be designed so that stockpile goals will be reached in an orderly fashion in line with existing market and budget constraints and stockpile priorities. The program plan which will be incorporated into the annual budget submission, will include any required acquisitions and disposals actions.

The mechanism just described is procedural in nature--there is no statutory basis which requires the Administration to continue to maintain such a linkage between acquisitions and disposals. Accordingly, we would support an action which amends Section 4 of the Strategic and Critical Materials Stock Piling Act so that it would require an annual plan to be submitted to the Armed Services Committees detailing the anticipated materials program for the coming fiscal year, as well as the status of the program for the current fiscal year. The program shall specify the proposed acquisitions and disposals on a material-by-material basis.

No single Congressional committee is responsible for both stockpile acquisitions and disposals since the Act already provides for the authorization of appropriations to carry out the provisions of the Act. If this blanket authority did not exist the Armed Services Committees would probably be given the responsibility to approve authorization legislation for acquisitions on an annual basis in addition to their existing responsibilities for disposals. The Administration would agree to an amendment to Section 8 of the Act to provide for a mechanism whereby the Committees will have the opportunity to review the procurement authorization through the hearing process if it deems necessary. The Committees will be informed of the Administration's intentions with respect to acquisitions and disposals under the proposed amendment to Section 4 in sufficient time so that the Committees can review the proposed levels of stockpile activities. If the Committees take no action within a specified time period, the current blanket authorization would be applicable.

Section 9 of the Act provides an explicit linkage between acquisitions and disposals with respect to the rotation of stocks to avoid deterioration. We propose extending this linkage to cover stockpile releases made pursuant to Section 5 of the Act. Furthermore, we propose that the annual appropriation legislation provide a fiscal linkage between stockpile acquisitions and disposals. This language would specify that receipts from stockpile disposals be credited to appropriations for stockpile acquisitions. Receipts in excess of the appropriation would be covered into the Treasury as miscellaneous receipts. The Congress could also appropriate additional monies if the level of expected receipts were not sufficient to finance the planned level of acquisitions.

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Attached are: our proposed amendment to the Act and sample appropriations language which we believe provides the necessary connection between stockpile acquisitions and disposals.

Attachment

A B I L L

To amend the Strategic and Critical Materials Stock Piling Act in order to require the submission of an annual plan for materials acquisition and disposal, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c) is amended--

(1) by inserting "(b)" before the text of such section; and

(2) by adding before such subsection (b) a new subsection as follows:

"(a) The President shall submit annually to the Congress at the time the President submits his budget, a plan for the procurement, rotation, refining or processing and disposals of materials under this Act. Such plan shall detail the proposed transactions, in quantities and dollars, for the next fiscal year. The plan shall also include the status of any such transaction for the then current fiscal year. "

Sec. 2. Section 8 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98g) is amended by changing the period at the end of the first sentence to a colon and by adding the following to the sentence:

"Provided, however, with respect only to appropriations for procurement, if the Committee on Armed Services of either the Senate or the House of Representatives, shall, before March 1, notify the Administrator of General Services of its intent to hold hearings on proposed procurement, no appropriation for such procurement is authorized in the fiscal year next succeeding in the absence of a specific statute provided therefor; in the absence of such notification, the appropriation authorization in this section shall remain unaffected."

Sec. 3. Section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) is amended to read as follows:

"Sec. 9. Any funds heretofore or hereafter received on account of sales or other dispositions of materials under the provisions of this Act shall be covered into the Treasury as miscellaneous receipts, except that funds received on account of rotation of stocks or on account of the release of materials pursuant to section 5 of this Act shall remain available for replacement purposes without further authorization."

For expenses, not otherwise provided for, necessary for carrying out the functions of the Administrator with respect to the national stockpile established by the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h), the supplemental stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 456, as amended by 73 Stat. 607), and the inventory maintained under the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061-2166) []:

Provided, that not to exceed [] shall remain available until expended for expenses (including transportation and other accessorial expenses) of acquisition of materials, or of refining, processing, or otherwise beneficiating materials pursuant to section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 b), and of processing and refining materials pursuant to section 303(d) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2093(d)), [] of which shall be derived from receipts from the disposal of excess stockpile materials and materials in the inventory maintained under the Defense Production Act of 1950, as amended.



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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

Legislative Counsel
7D35 HQ

EXTENSION

NO.

DATE

17 June 1976

STAT

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. NIO/Econ

Attn:

7E47 HQ

6/17

6/18

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Per our telephone conversation, attached is the draft report on H.R. 10526 that I would like you to review. I would appreciate your comments by 11:00 a.m. tomorrow.

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OLC - Room 7D35

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Office of Legislative Counsel

I see no Agency equities involved in this proposal and recommend you reply "No comment." The Office of Economic Research concurs.

Assistant NIO for Economics

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